

Our Strengths

Standardization Strategy

► Why do we need a standardization strategy?

It is possible to customize products to create the products requested by customers. However, these motors will be expensive, so we believe that they are not truly what our customers, who are exposed to tough competition, want. In response to this issue, we decided to consolidate the needs of our customers and create the "highest common divisor" type standard motors. The functions, sizes and prices of motors requested by our customers are as diverse as the customers themselves. When we ascertain the true needs of our customers, in many cases, standardized motors can support their needs.



► Value Generated through Standardization

By narrowing down our range of models, it has become possible for us to achieve mass production and production leveling, in turn enabling us to greatly reduce costs and dramatically reduce motor prices. Cost cutting has sustained and increased price competitiveness in the market and has been effective in expanding applications by driving the constant evolution of motor performance. By increasing the number of customers purchasing standardized products in this way, we could achieve economies of scale. This has created a virtuous circle that enables us to further reduce costs, resulting in a sustainable competitive advantage.

We support all of the applications with which we are currently involved with around 100 basic models. We impose tough restrictions at the time of product development to prevent our engineers from designing products using dedicated parts without careful consideration. We encourage them to develop products with price and performance characteristics that meet the needs of customers using standard parts. In this way, the standardization that we aim to achieve is underpinned by high-level technological capabilities.

► Standardize Manufacturing to Achieve High Quality

The benefits of standardization are not only price-related advantages. As a result of standardizing products, it has now become possible to standardize production equipment and processes that produce products. To manufacture high-quality products, it is essential to give thorough work instructions at manufacturing sites. By standardizing equipment and processes, we are able to efficiently educate and train employees involved in manufacturing, quickly assign them, and ensure high quality. This system—which enables the production of products of consistent quality through standardization—has played a major role in the development of our overseas production bases. In addition, by standardizing management operations, it has become possible to engage in planned production under the control of Headquarters, minimizing the effects of seasonal and economic fluctuations in each industry and facilitating high-volume stable supply to the market.

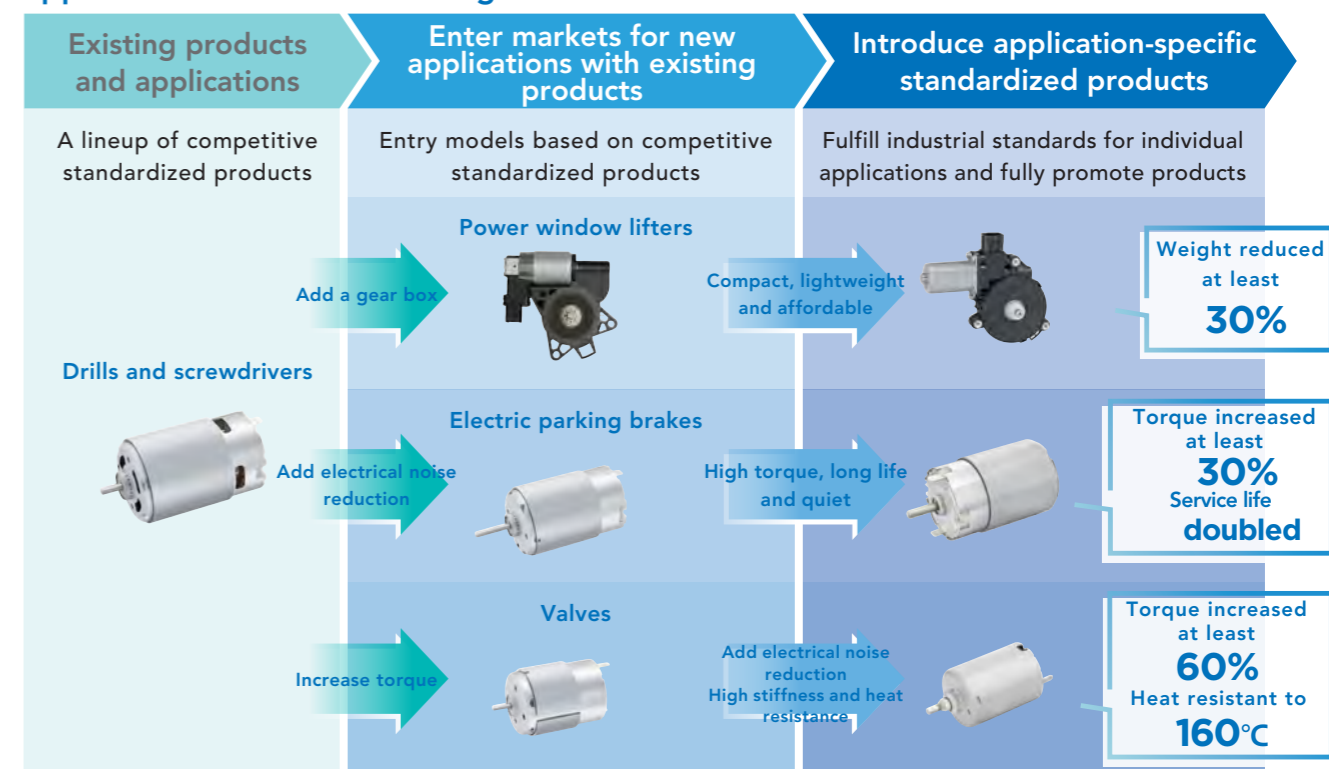
In recent years, we have been able to minimize the impact of various crises such as disruptions to logistics activities caused by COVID-19 pandemic and soaring material costs, on the basis of inventory sales of standard products.



► Develop and Promote Standardized Products by Application

When we fully entered the market of automotive products, we incorporated specifications for different automotive applications based on standardized products and other items that were already very competitive in the market to achieve the efficient introduction of competitive products. After that, customers' products were optimized for individual applications. Technological requests regarding motors varied depending on the application. Today, we develop and promote standardized products separately optimized for different applications. This concept of application-specific standards creates value for the customer including unrivaled quality, reasonable prices, quick and stable supply and the proposal of solutions in a well-balanced manner, and this gives us an advantage.

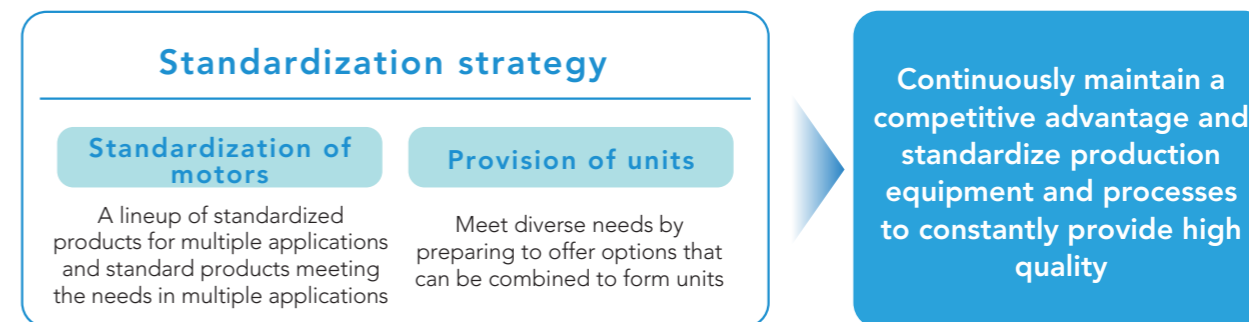
Develop and promote application-specific standardized products optimized for individual applications to accelerate the growth of business



► Advancing Standardization Strategy

In the past, our policy was to not enter the business areas handled by our customers and we focused on motors alone. Nowadays, customers request that we provide peripheral parts around the motors as well. Accordingly, the number of cases in which we provide unit motors is increasing.

In our shift to units, we apply our unique standardization concept to provide added value. For instance, units for light electric vehicles consist of standard motors as well as controllers, reducers, wheels and other options optimized for our motors for light electric vehicles. The combination of these components achieves the standardization of units. This maximizes our quality, delivery time and cost superiority.



Our Strengths

Mabuchi Global Management System

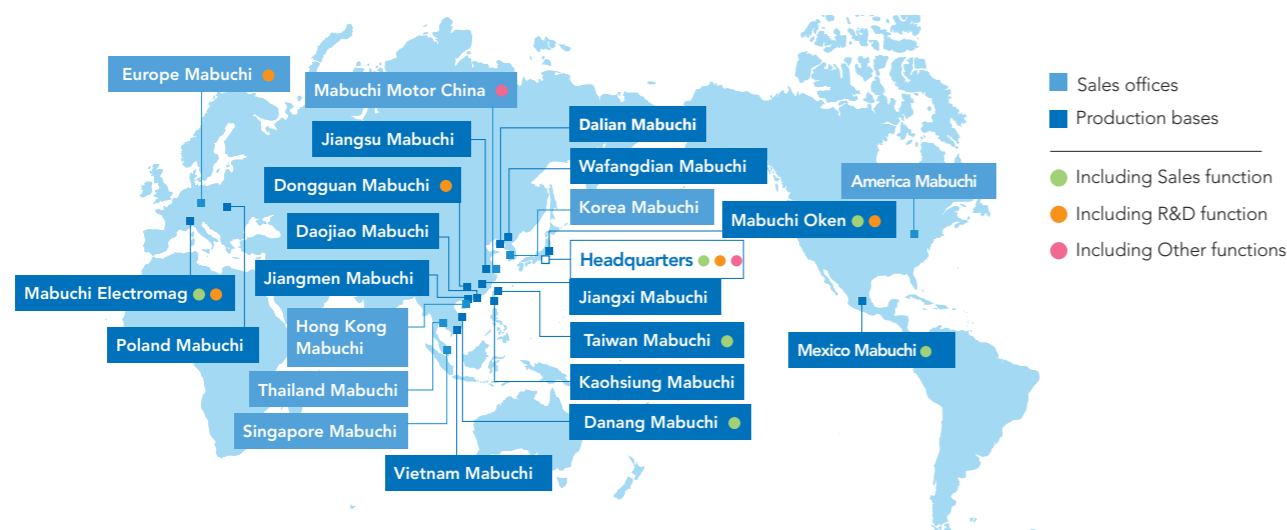
The advantage of our global management system lies in diversity, which enables us to utilize the connections between human resources and diverse values between bases, and the Five-Region Management Structure that increases the autonomy and independence of each base and drives local production for local consumption. We will build a robust development, production, and sales system that leverages the strengths of each base, and achieve a stable supply of high-quality products at reasonable prices around the world.

Mabuchi Global Management System

Global five-region management structure
Increased self-management of individual bases

Diversity
Enhanced interaction among bases to build strength from diversity

Achieve a stable global supply of high quality products at reasonable prices based on solid but agile production and sales structures



Advancement of base management



Member of the Board,
Senior Managing Executive Officer,
Chief Officer of Mabuchi Group
Subsidiaries,
Head of Life and Industrial Product
Business Unit,
General Manager -
Mabuchi Group Management Dept.

Hirotarō KATAYAMA

We have increased production, sales and development bases in line with the expansion of business, changes in markets for the applications of products and social circumstances. We established Mexico Mabuchi in 2014, followed by Poland Mabuchi in 2017. We have thus constructed a foundation for the Five-Region Management Structure covering Japan, China, Asia-Pacific, the Americas and Europe. In each region, we will efficiently operate a matrix composed of an axis of development, procurement, production, sales and other functions and another axis of medium-sized automotive products, small-sized automotive products, life and industry equipment and other businesses with the goal of local production for local consumption.

In China, we set up a management company in 2019. The Group Executive Officer who is a Chinese national and also the Chief Regional Officer in China, pushes ahead with

development, procurement, production and sales activities in the region.

In Europe as well, we have a Group Executive Officer responsible for activities in the region. To accelerate actions and improve global risk management, we launched the Mabuchi Global Management Department in March 2023. Formerly, I monitored individual bases from the Headquarters as the Chief Officer of Subsidiaries. The goals of the new department are improving management accuracy through organizational actions and training personnel to carry out global management in the future.

While facing many constraints during COVID-19 pandemic, our advantages lie in the improvement of the strength of the Group as a whole through the exchange of personnel at different bases. I hope that this department will play a role in the construction of communication channels between the different bases and between them and the headquarters.

▶ Capabilities needed to actualize the Mabuchi Global Management System

At Mabuchi Motor, we have always maintained an optimal global management system by continuously updating our global production infrastructure in response to the economic development of countries and regions and to changes in our own business portfolio.

A global production system is not successful simply by establishing bases around the world. The production efficiency of the newly established sites must be brought up to the same level as that of the existing sites as soon as possible. In this effort, Mabuchi Motor is making optimal use of human resources from around the world on a global basis.

1 Five-Region Management Structure improves the Group's overall collective strength

We have been building a Five-Region Management Structure that improves the autonomy and independence of overseas bases and promotes local production for local consumption. The idea behind this concept is that all bases, including headquarters, make effective use of their strengths to enhance the Mabuchi Group's overall collective strength. The establishment of production bases in Mexico in 2014 and Poland in 2017 has enabled R&D, production, and sales activities in markets around the world, and in closer proximity to customers.

Global expansion from an early stage

We have been seeking the possibility of overseas expansion since the early days of our operations. In 1964, when we celebrated our 10th anniversary, we established our first overseas production base in Hong Kong.

Centralized production structure in Asia

Starting with Guangdong No. 1 Factory in 1986, we erected several bases in mainland China. In 1996, we built a factory in Vietnam which brought our centralized production structure in Asia to completion. We have thus established a solid structure for achieving high cost competitiveness and stable supply.

Five-Region Management Structure

In 2014 we established Mexico Mabuchi in the Americas, and in 2017 we established Poland Mabuchi in Europe. We have established a Five-Region Management Structure to improve the autonomy and independence of the separate regions and achieve local production for local consumption and risk dispersion.

2 Strong connections between bases and utilization of diverse human resources

The Mabuchi Group's bases are connected by strong connections. Throughout the Group, we actively share good improvement cases and exchange opinions. This information is utilized for mutual understanding at the Group level and for quick and appropriate decision-making by management. To strengthen these peer-level connections between bases, we are promoting mutual understanding and cooperation at the Group level through the development of a job-type personnel system that serves as a basis for driving human resources exchanges between the Headquarters and other bases, encouraging secondment and business trips, and establishing various information-sharing and meeting bodies across multiple bases. We are also seeking to understand and share company policies and values through policy development measures to strengthen vertical connections within each base, and education and communication measures that transcend employee class levels.

Another distinctive feature of Mabuchi Motor is the high percentage of its workforce that are non-Japanese. Of the Mabuchi Group's 21 production bases, 13 bases have non-Japanese human resources serving as their presidents (or general managers), and these personnel have become 61.9% of the group's presidents or general managers. In addition, three people, two Chinese people and one Vietnamese person, serve as executive officers of the Mabuchi Group (as of March 31, 2023).



Executive Vice
President
Danang Mabuchi
VO Van My

Looking back on the four years of work to launch Poland Mabuchi

I was assigned to Poland and worked to launch Poland Mabuchi as a factory manager from 2018 to 2022. I was involved in all steps ranging from the preparation of systematically and organizationally important matters to responses to process issues. Gradually, I handed over tasks to local staff in Poland according to their individual development levels.

The four-year period when I worked for Poland Mabuchi was full of new challenges and experiences. Everything had to be started from scratch. To adapt to the new environment, I had to overcome language and cultural barriers. However, with the help of other assigned staff, the efforts of local staff, and remote support from colleagues at the headquarters and at other bases, we successfully installed a production line and manufactured the first motors at Poland Mabuchi.